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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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20 May 1975

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MEMORANDUM FOR: Mr. Lawrence A. Dash
AID/AA/IDC
Department of State

SUBJECT : Balance of Payments Data
on Newly Designated MSAs

Attached is the series of tables which you requested on the newly designated MSA countries. Several of these entities have little in the way of formal reporting systems. We have done our best with what data exist. Any questions on these tables should be referred to

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Attachment:
as stated.

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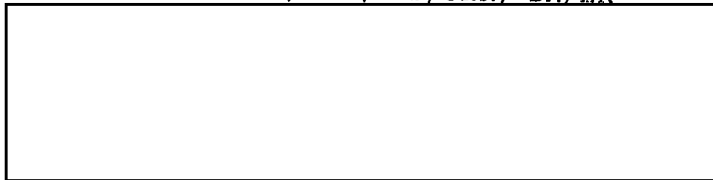
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DISTRIBUTION: (S-0833/)

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Afghanistan

	Million US \$		
	<u>1973/74 a/</u>	<u>1974/75 a/</u>	<u>Estimated 1975/76 a/</u>
Exports	160	192	200
Imports	-190	-226	-286
Trade balance	-30	-34	-86
Services and transfers	29	28	32
Current balance	-1	-6	-54
Long-term capital	15	7	22
Basic balance	14	1	-32

a. Fiscal year started and ended in March of the years shown.

The Afghan economy, heretofore insulated through trade agreements from inflated world market prices, will encounter a serious balance of payments deficit this year following renegotiation of trade agreements for imports of Soviet sugar, fertilizer and petroleum.

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Burma

	Million US \$		
	<u>FY 1973 a/</u>	<u>FY 1974 a/ (6 months)</u>	<u>Estimated FY 1975 a/</u>
Exports	133	70	271
Imports	-150	-113	-294
Trade balance	-17	-43	-23
Services and transfers	-8	-6	-33
Current balance	-25	-36	-56
Long-term capital	45	52	47
Basic balance	20	16	-9

a. Balance of payments data are available only for Burmese fiscal years. Due to a change in fiscal year timing, 1974 fiscal year is only a 6 month period, as follows:

<u>1973</u>	<u>1974</u>	<u>1975</u>
10/72-9/73	10/73-3/74	4/74-3/75

Burma slashed imports over the past 10 years in an attempt to stay within the bounds dictated by fluctuating and largely declining exports. Import restrictions are so severe that economy has been paralyzed by shortages of imported parts and equipment. Yet, the projection for FY 1975 is for a deficit.

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Burundi

	Million US \$		
	<u>1973</u>	<u>1974</u>	<u>Estimated 1975</u>
Exports	31	28	30 to 35
Imports	-29	-42	-45 to -50
Trade balance	2	-14	-10 to -20
Services and transfers	6	8	5 to 10
Current balance	8	-6	0 to -15
Net capital	-2	Neg'l	Neg'l
Overall balance	6	-6	0 to -15

High prices for oil and other imports and reduced income from coffee exports produced a \$6 million deficit in Burundi's balance of payments in 1974. The deficit, the first since 1968, probably will be repeated in 1975. Production of coffee, the principal export, is expected to decline slightly and rising prices for manufactured goods and machinery can be expected to push up import costs. Increasing transportation and service charges for shipping via crowded Tanzanian routes will worsen the outflows.

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Higher oil prices -- the original criterion for determining what nations are most seriously affected --

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have not been a major cause of the swing. Most of the increase in the import bill was caused by higher prices for machinery and consumer goods. Although the cost of oil nearly doubled, from \$1.6 million in 1973 to \$3.1 million in 1974, some of the increase was due to a rise in volume because of depleted inventories the year before. And oil in 1974 still only accounted for 7% of the total import bill; if other prices had remained steady, the BOP would have continued in surplus despite the higher prices for oil. The rise in oil costs -- \$1.5 million -- accounted for only 12% of the total rise in the cost of imports.

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Cape Verde Islands

	Million US \$		
	<u>1973</u>	<u>1974</u>	<u>Estimated 1975</u>
Exports	2	NA	NA
Imports	-40	NA	NA
Trade balance	-38	NA	NA
Services and transfers			
Current balance			
Long-term capital			
Basic balance			

Almost no information is available on the Cape Verde Islands; the data presented for 1973 apparently represent a UN estimate. There seems little doubt that Cape Verde is in tight financial straits. It reportedly has suffered seven years of drought and does not have the wherewithall to buy food to prevent famine. Portugal has pledged \$12 million in aid for January-June 1975. Cape Verde's consumption of oil, except of oil bunkering, probably is small.

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Egypt

	Million US \$		
	<u>1973</u>	<u>Estimated 1974</u>	<u>Estimated 1975</u>
Exports	1,010	1,400	1,000
Imports	-1,586	-3,022	-3,522
Trade balance	-576	-1,622	-2,522
Services and transfers	896	904	1,150
Current balance	320	-718	-1,370
Long-term capital (net)	-71	634 <u>a/</u>	NA
Basic balance	249	-84	NA

a. Consists mainly of short term credits subsequently rolled over.

Exports are expected to be reduced in value in 1975 primarily because of reduced demand in the depressed Western European markets. Imports will grow to accommodate consumer demand for relief from war-time austerity if the requisite financing can be found. Services and transfers were insufficient to forestall a large deficit in the current account last year, that is likely to be increased.

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Mozambique

	Million US \$		
	<u>1973</u>	<u>1974 Preliminary Estimates</u>	<u>Estimated 1975</u>
Exports	228	225	NA
Imports	-341	-450	NA
Trade balance	-113	-225	NA
Net services and transfers	120	125	NA
Current balance	7	-100	NA
Long-term capital	-29	NA	NA
Basic balance	-22	NA	NA

Although data are not yet available, it seems certain that Mozambique's chronic balance of payments deficit increased sharply in 1974 and 1975. Civil strife disrupted production and caused transportation bottlenecks that reduced income from rail and port services provided to South African and Rhodesian exports. The strife also caused substantial short-term capital outflows associated with the emigration of white citizens and with the net repayment of short term trade credits, largely to Portugal. The proportion of the balance of payments deterioration, however, that was attributable to higher

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originally the criterion for determining which nations were "Most Seriously Affected" -- probably was small. A portion of the higher costs for crude would have been offset by higher prices received for exports of products from the Mozambique refinery. Mozambique's own consumption of products is small, about 15,000 barrels per day.

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Uganda

	Million US \$		
	<u>1972</u>	<u>1973</u>	<u>Ugandan Government Provisional Estimate 1974</u>
Exports	293	307	298
Imports	-218	-209	-266
Trade balance	75	98	32
Services and transfers	-61	-24	-35
Current balance	14	74	-4
Net capital	-8	-82	-36
Overall balance	6	-8	-40

Uganda suffered from a decline in export receipts in 1974 due to a lower volume of exports of coffee, cotton, copper and tea because of declining production and transportation difficulties. Imports also fell as the government discouraged imports of nonessentials. The capital account deficit would have been higher but for drawings on a Libyan loan and the Arab Aid Fund for Africa.

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Western Samoa

	Million US \$		
	<u>1973</u>	<u>Estimated 1974</u>	<u>Estimated 1975</u>
Exports	6.9	12.3	NA
Imports	-21.9	-26.5	NA
Trade balance	-15.0	-14.2	NA
Services and transfers	9.4	9.2	NA
Current balance	-5.6	-5.0	NA
Long-term capital	2.7	2.6	NA
Basic balance	-2.9	-2.4	NA

Western Samoa has had large trade deficits over the past several years (65% of GNP in 1973), because of its heavy dependence on only 3 exports -- copra, cocoa, bananas. Until last year, exports had hardly increased at all since 1960, while import needs have grown yearly. Oil is not more than 7% of the value of imports, even after price increases.

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Footnotes to the MSA Exercise

1/ Has the definition of an MSA nation been broadened to include all those in trouble from whatever cause, including a general rise in import prices since the oil embargo?

2/ Western Samoa is viewed by the IMF as a new nation*; we show it in the date book as founded in 1962. No mention is made of the territorial status of Mozambique and its pending independence.



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